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ADVERTISING AND THE HIGH COST OF LIVING

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In discussing the relation existing between advertising and the high cost of living, it is necessary to consider three factors: first, what is the justification of advertising as a selling force; second, what are the present effects, either good or evil, of advertising as related to the high cost or to the high standard of living; third, what are the remedies of present evils as related to the high cost or to the high standard of living.

From an economic standpoint it seems almost needless, in our day to discuss the value of advertising. The business world takes for granted that advertising is absolutely necessary in the successful growth of any concern. But deeper than the mere economic fact that publicity has been a power in the development of large business concerns, lie the more fundamental psychological principles which make advertising so important a factor. Because people have a tendency to become fixed in habit; because people have a tendency to observe tradition and precedent rather than always to be reaching out after that which is new; because people as they grow older are non-plastic rather than plastic in their acceptance of that which is new; because youth needs to be educated with respect to what is good and bad, what is desirable or undesirable, what is useful and what is attractive: then, because of habit on the part of those who are older, and the need of education for the young in their early environment, advertising is a necessary force in the distribution of goods.

Those who sold washing machines in the beginning found it quite difficult to take people away from their old fashioned tub; when Gillette first advertised his safety-razor he found it difficult to get men away from the old-fashioned razor; and the history of almost any article shows a tendency on the part of the masses to reject what afterwards became an absolute necessity. The force which gets people out of their old habits and compels them to accept the more reasonable or the new—this force is readily recognized as characteristic of adver-

tising. Thus, because of the conservatism of mankind with respect to the new or unknown, advertising must be accepted as one of the influences which continue our progress in the growth of a "thing realm."

If we are justified in saying that advertising has a psychological basis and is, consequently, a necessary factor in the development of our appreciation of a thing world, it then becomes necessary to analyze certain effects of advertising. First, it might be said that advertising has been a factor in the tremendous growth of many concerns. This growth has resulted in a feeling on the part of the community that big business is a dangerous thing, for big business means the crowding out of the less successful competitor. It means that the masses of the people are buying goods of the larger concerns at the expense of the smaller, and this transition from small business to large business has brought its economic problem as manifested in an attempt at government regulation. In the second place advertising, apart from the idea that business is big, has somehow or other compelled the masses to cry out with the statement "Why do things cost so much," and they answer, "Partly, because of advertising." And advertising is best reflected in large business.

Before considering this statement, however, let us analyze the public mind in its attitude toward the general notion, "The high cost of living." What is actually meant by the statement "The high cost of living?" This is a question that is under discussion in every social group. Rich and poor, in one way or other, feel its significance. But all classes of society are not regarding the statement—"high cost of living"—in exactly the same way. For instance, a man who is earning \$20 a week and is supporting a wife and three children, and who has the ideals of a workingman, justly complains about the high cost of living on the basis that eggs are 40 cents a dozen, butter 50 cents, and meat is running as high as 24 cents. He has a family budget. He finds that at the end of the week he cannot give to his family the necessary things for a decent existence. He raises a cry of indignation and protests.

On the other hand the man who is earning \$2,000 a year, or even \$10,000, also complains about the high cost of living. Does he object on the basis that potatoes are costing 40 cents a peck, that gasoline is 21 cents a gallon, or that books are selling at \$2 which are in reality worth only \$1.25? His judgment regarding the high cost of living has an entirely different mental background. He is one whose

sensitiveness with respect to living is highly developed. Things which to the workingman are a luxury, have become to him an absolute necessity, and so rapid has been the increase of things necessary for the completest enjoyment of a human life that this high salaried man finds it impossible to enjoy these better things without entirely depleting his yearly budget.

Thus I would analyze the high cost of living in these two aspects. One where the very necessities of life cost more than the individual is able by means of his weekly earnings to pay for; the other, a notion of a high standard of living, or, in other words, a desire on the part of an individual to possess so many of the good things of life that his pocketbook is likewise depleted in the purchase. This analysis forces us to a serious consideration of the significance of things in our life. Is it wrong to desire to live fully? Has advertising sinned when it encourages me to open up a credit account and by means of it live six or eight months ahead of my time? Is advertising wrong when it attempts to force every one into a greater appreciation of this "thing realm?" The good old question arises, are things made for profit or are things made to be used? If things are made only for the profit regardless of humanity, then our advertising is to be justified on the basis that a single class benefits. If, however, things are made to be used and the world has a right to demand those things which can be made, then advertising as an educational force is to be justified in favor of the mass. In either case, we see that, for progress in our ideal, advertising is a necessary factor.

Again to criticize certain phases of publicity, a competitive advertising system has had a psychological effect in the creation of desire and habit with respect to the purchases of many articles which prove useless. Advertising as a force renders itself to the play of the imagination, to the bizarre and to originality. And people are often involved in an exchange of values which are needless or wasteful. In spite of advertising we need to realize that new things are not needed with every change of season; fads are not necessary in order to be considered an up-to-date member of the community. Advertising sins when it attempts thus to mislead people. And yet the advertiser is in part subject to these very whims and fancies of people in order to sell his goods. When people become scientific in their buying, the advertiser will become sane in his production and sane in his sale of an article. Again, the installment plan en-

couraged by excellent advertising lures multitudes into the purchase of luxuries the expenditures of which drain the family budget.

False judgments are often formed in the minds of people by the extravagant use of English in such phrases as "Just as Good," "Bargain Day," "Remnants." These false judgments, however, are giving greater significance to the word guarantee and are tending to produce closer relations between producer and consumer. The middleman is already beginning to feel a part of his profits going to the consumer.

The question now arises, in what way does this advertising affect the cost or the high standard of living? Does the consumer pay for this advertising? Many of us interested in the direct force of advertising, as such, believe advertising not to increase the cost of an article. I am led to believe that advertising is the faith element in the business world, which, somehow or other, changes the conditions of the business world such that every one has more than he had before. Advertising is a creative element whose factor results in greater happiness or in the possession of more things. We might put it in this way. A father spends \$3,000 or \$4,000 in the education of his son at a university. Does he feel that by this procedure he has deliberately thrown away \$4,000? On the other hand, is it not true that he feels his son to be a more valuable member of society, capable of greater earning capacity, and worthy of a higher place in life because of this peculiar training? In the same way if goods are to be used, if goods mean increased happiness to mankind, if life would be less progressive because of the elimination of a single thing, the force which brings these things into possession of mankind certainly should not be counted as an element which is to be figured as a cost loss, but really as an element which makes possible the possession of that which brings increased happiness. Advertising thus becomes a factor whose emphasis is related to the intrinsic value of a thing. The real problem which it thrusts forth is that which compels an analysis of the significance of big business.

Whenever mankind *en masse* agrees to accept the proposition which has been promoted in the form of advertising, the history of certain articles shows a tendency for the article to decrease in cost in order to meet the universal demand. The universal demand is, in part, checked by the amount of money which the mass has to spend. It seems, however, that advertising as an evil force should be associated with non-ethical and extravagant business men. This has

resulted in an actual increase in price to the consumer. Even here, advertising, primarily, is not the cause of the increase in price, only as it has possibilities of creating a demand for the article, but it is merely the means of realizing a greater profit on the part of the seller, due to increased business. For instance, Gillette sells his safety-razor for \$5. It is stated by many with whom I have conversed that the actual cost of the razor including the manufacture and advertising, is at the very most, \$1. However much this might be objected to, the price is exorbitantly high. Wise advertising has created a demand for the article, but it is the patent law protecting the right of the patentee in doing away with competition, and the lack of other laws to demand that a manufacturer be assured only a fair profit which makes possible the high price of a Gillette safety-razor. Millions of people shave. The companies which supply razors are comparatively few in number. There is enough business for all concerned. All tend to keep up the price of razors. Advertising causes a certain variation in trade, but advertising is not the direct cause of the high cost of the Gillette safety-razor. Lack of competition and a non-ethical mind is the real cause, realized, however, by means of advertising. We must constantly bear in mind that advertising is a positive force and unless wisely directed is productive of harm. It is this harm which we must learn to recognize in its various forms.

When women go to shop in John Wanamaker's store, they actually have sent home a 10-cent article. If a woman who is rather uncertain in her choice of a winter coat or is disinclined to make an immediate purchase, Wanamaker's system of selling is such that several cloaks are sent to the woman's residence. Mrs. "X" likewise has Strawbridge and Clothier send out cloaks, and not content with this choice, she asks the same thing of Snellenburg. After two days of careful inspection, she selects a \$25 cloak. This is typical of the effect that advertising has with respect to the courtesy of a store. When this kind of a transaction has taken place, undoubtedly advertising is the cause. The consumer is actually paying the costs. Waste is here applied and is due to competition.

When I purchase Colgate's shaving stick at 25 cents, contained in a most sanitary metal cup, and I am forced throughout the year to purchase a metal cup every time I purchase the shaving stick, so that at the end of the year I possess some five or six metal cups, there is waste. This waste has been paid for in the cost of the stock. Advertising has induced me to purchase the soap.

If it is possible for a woman to purchase food in bulk at a cheaper rate than when the same has been put up in packages, she has undoubtedly saved money; an advertising cost has become eliminated. On the other hand if it is more hygienic to possess articles of consumption coming in boxes or cases, advertising is not a factor to be considered.

Thus it might be said that advertising is a force which has helped to make possible the monopolization of certain articles. When the concern has been ethically inclined, increased profits have tended to encourage a decrease in the price of an article. When, however, human nature has been subject to greed and law has not intervened, advertising has been a means by which the consumer has been forced to pay more than he should pay. Advertising in its correct sense is a force creative in nature in that it opens up greater possibilities, the evils of which consist, not in itself as a force, but in the unethical relationship existing between it and the individual wielding its power. The high standard of living is to be justified. A desire that all of humanity enjoy the good things of life is the very basis of continued progress. Advertising might be considered generally to make possible new economic conditions with a tendency for large business to decrease the price to the consumer, while specifically it reveals examples of flagrant misuse of its power at the expense of society. A scientific analysis of each advertising campaign with respect to technique and the question of economic distribution will reduce the present waste, and this is what every honest advertising man is at the present time struggling for. To be specific, science will tend to reduce the size of many large advertisements; science will analyze and discover shorter methods in reaching the consumer; science will insist upon a regard for the law of diminishing returns as applied to any advertising campaign.

The question of advertising as related to the high standard of living is a social problem and must needs be met by a social conscience which makes possible possession of all things by all people in so far as these things are necessary for the development of mankind. It also implies, under a competitive system, that classes of society be taught how to spend their money sanely. Efficiency in spending is as necessary as efficiency in earning. The specialist should teach us how to live up to the ideals of the particular class of society to which we belong.